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In the Supreme Court
OF THE
United States

OCTOBER TERM, 1944

No. 434

BAKER OIL TOOLS, INC. (a corporation),
REUBEN C. BAKER and T. SUTTER,
Petitioners,

vs.

ERD V. CROWELL,
Respondent.

PETITION FOR WRIT OF CERTIORARI
to the United States Circuit Court of Appeals
for the Ninth Circuit
and
BRIEF IN SUPPORT THEREOF.

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to the United States Circuit Court of Appeals for the Ninth Circuit.

To the Honorable Harlan Fiske Stone, Chief Justice of the United States, and to the Honorable Associate Justices of the Supreme Court of the United States:

Petitioners, Baker Oil Tools, Inc. (a corporation), Reuben C. Baker and T. Sutter, respectfully pray for a Writ of Certiorari to the United States Circuit Court of Appeals for the Ninth Circuit to review a

judgment of that Court entered June 30, 1944. The Petition for Rehearing was denied on August 4, 1944.

In conformity with the provisions of Rule 38 of this Court, a certified copy of the record including the proceedings in and the opinion of the Circuit Court of Appeals in this case accompanies this petition (Opinion R. 139; Decree R. 149; Order denying petition for rehearing R. 150.)

SUMMARY STATEMENT OF THE MATTER INVOLVED.

The judgment sought to be reviewed herein was rendered by the Circuit Court of Appeals for the Ninth Circuit reversing a judgment of the District Court of the United States for the Southern District of California, which latter Court had dismissed, for lack of jurisdiction, an action to determine the validity of a Letters Patent of the United States No. 1,748,007. (R. 103.)

There is no dispute as to the facts. There is involved here solely the important question of Federal law as to whether or not a District Court has jurisdiction of a suit under Sec. 274d, as amended, of the Judicial Code (Federal Declaratory Judgments Act, Title 28, Sec. 400, FCA), where the judgment if rendered would be advisory only and merely determine an assumed potential controversy between the parties which could arise only "if" in the future complainant entered the business of manufacturing or selling the patented devices, and upon the happen-

ing of that event "if" the patent owner then asserted some right under the patent against complainant.

The District Court entered a judgment dismissing the Complaint on the grounds that there was no actual, real or substantial controversy between the parties of sufficient immediacy and reality within the meaning of Sec. 274d, as amended, of the Judicial Code (Federal Declaratory Judgments Act, Title 28, Sec. 400, FCA) to vest jurisdiction in the District Court to determine the matter.

The petitioner Baker Oil Tools, Inc. is the owner of United States Letters Patent No. 1,748,007 (R. 103), issued February 18, 1930 and expiring February 18, 1947. The respondent is an individual whom the District Court found as fact (R. 118-119) was not a manufacturer, had no machinery or facilities to manufacture the patented device, and had no salesmen or customers. The District Court also found as fact that respondent was not engaged (contrary to the allegation in the Complaint) in the manufacture of the patented devices.

The complainant, prior to the filing of the instant suit by him, made two devices (R. 47) (which are very simple in nature) which he contends infringe the patent which he prays to be declared invalid, but has not sold them. From respondent's own sworn statement (R. 98):

> "I am quite ready to believe that defendants never had, and do not have, any intention of prosecuting me for the small amount of four or five infringing devices which I have made prior to the institution of this suit."

it appears as fact that the respondent at the time of filing suit was in no fear that petitioner would assert the patent against him or involve him in litigation with respect to that patent for his trifling act of infringement and that no present, substantial or actual controversy existed.

Following the commission of this trifling infringing act and (according to his own sworn statement) without believing that he would be prosecuted for such act, respondent filed his Complaint for Declaratory Relief asking that petitioners' patent be declared invalid on various statutory grounds.

The Circuit Court of Appeals in its opinion (R. 139) holds that a justiciable issue is raised in the suit within the meaning of Sec. 274d, as amended, of the Judicial Code (Federal Declaratory Judgments Act, Title 28, Sec. 400, FCA) because:

(a) of the presence of an actual controversy founded on the above set forth trifling infringing act of respondent and a different claim of infringment in a different and prior suit (for prior infringing acts of a different nature, which acts were enjoined in 1939) brought by the petitioner Baker Oil Tools, Inc. against respondent in the year 1936. In that suit respondent was sued on three patents of which the one here involved was one. Prior to the trial in the 1936 suit, the patent here involved was withdrawn, but a final judgment was entered in said suit decreeing that respondent had infringed, and an injunction issued against respondent pursuant to that judgment. (Respondent so admits R. 36-37.)

Thus, the issue raised in the prior suit as to respondent's right to build the devices there alleged to infringe was a different issue than attempted to be raised here and became *res adjudicata* as between these parties in 1939.

(b) of an assumed or inferred intention or desire on the part of respondent to sometime in the future engage in the manufacture and sale of the patented devices. To make out a controversy in this situation, the Circuit Court of Appeals apparently also assumes or infers that at such time, or if such an event happens, that the petitioner or patent owner would assert its patent against respondent.

It is the petitioners' contention, therefore, that no real issue is raised based upon any present or actual or substantial controversy, and that the only judgment which can be rendered in this suit by the District Court would be advisory only and determine an assumed potential controversy between the parties which could arise only if sometime in the future respondent entered in a bona fide fashion the business of manufacturing or selling the patented devices, and upon a further assumption that if he did so, that the petitioners would assert the patent against respondent. Thus, petitioners assert that the issue is not based on an existing state of facts, but entirely contingent on the happening of hypothetical future events and presents no "controversy" within the meaning of Sec. 274d, as amended, of the Judicial Code (Federal Declaratory Judgments Act, Title 28, Sec. 400, FCA) warranting the issuance of a declaratory decree under such statute.

The District Court, upon petitioners' Motion for Summary Judgment (R. 60), dismissed the action for lack of jurisdiction on the ground that there was no actual or substantial controversy between the parties of sufficient immediacy and reality within the meaning of Sec. 274d, as amended, of the Judicial Code (Federal Declaratory Judgments Act, Title 28, Sec. 400, FCA) to warrant the issuance of a declaratory judgment (R. 121, par. V). (The Opinion of the District Court appears at R. 110 and its Findings of Fact and Conclusions of Law at R. 117.)

JURISDICTION.

Under Sec. 240 (a) of the Judicial Code as amended by the Act of February 13, 1925 (28 U.S.C.A. Sec. 347 (a)), this Court has jurisdiction to review the judgment of the Circuit Court of Appeals herein. Judicial Code Sec. 41 (7) gives the District Courts of the United States original jurisdiction "of all suits at law or in equity arising under the patent, the copyright, and the trademark laws." Sec. 274d, as amended, of the Judicial Code (Federal Declaratory Judgments Act, Title 28, Sec. 400, FCA) confers jurisdiction on the District Courts to entertain suits for declaratory judgment. The instant case is a suit for declaratory relief to declare a United States Letters Patent invalid. The Circuit Court of Appeals had jurisdiction of respondent's appeal (Judicial Code Sec. 129) from the decree of the District Court

dismissing the suit on the grounds of lack of jurisdiction.

The judgment of the Circuit Court of Appeals was entered June 30, 1944. A Petition for Rehearing was filed within thirty (30) days thereafter, and such petition was denied on August 4, 1944, and this petition is filed within three (3) months thereafter (28 U.S.C.A. 350; R.S. Sec. 1008 as amended, Sec. 6 Act of September 6, 1916, 39 Stat. 727.)

The discretionary power of this Court to grant a Writ of Certiorari is invoked upon the grounds set forth in Rule 38, subdivision 5 (b) of this Court, in that the Circuit Court of Appeals for the Ninth Circuit has decided a Federal question in a way probably in conflict with applicable decisions of this Court, to-wit, has interpreted Sec. 274d, as amended of the Judicial Code (Federal Declaratory Judgments Act, Title 28, Sec. 400, FCA) as conferring jurisdiction on a District Court to render an advisory opinion as to the validity of a United States Letters Patent, when there is no present, real, actual or substantial controversy between the complainant and the patent owner.

QUESTIONS PRESENTED.

(1) Does Sec. 274d, as amended, of the Judicial Code (Federal Declaratory Judgments Act, Title 28, Sec. 400, FCA) confer upon District Courts jurisdiction to render advisory opinions as to the validity of a United States Letters Patent?

(2) Does Sec. 274d, as amended, of the Judicial Code (Federal Declaratory Judgments Act, Title 28, Sec. 400, FCA) confer on District Courts jurisdiction to entertain suits to determine the validity of United States Letters Patent, where the alleged controversy is based upon an assumption that the complainant may subsequently engage in acts which would infringe the patent if valid, and upon the further assumption that at such time the patent owner will improperly, or otherwise, assert its rights under the patent against the complainant?

REASONS RELIED ON FOR THE ALLOWANCE OF THE WRIT.

The Circuit Court of Appeals in the instant case decides an important question of Federal law, to-wit, the question of the authority of a District Court under Sec. 274d, as amended, of the Judicial Code (Federal Declaratory Judgments Act, Title 28, Sec. 400, FCA) to render an advisory opinion as to the validity of a Letters Patent of the United States in a way probably in conflict with the applicable decisions of this Court, to-wit, the cases of:

St. Pierre v. United States, 319 U. S. 41, 63 S. Ct. 910;

United States v. Appalachian Electric Power Co., 311 U. S. 377, 61 S. Ct. 291, 85 L. ed. 243;

Ashwander v. Tennessee Valley Authority, 297 U. S. 288, 56 S. Ct. 466, 80 L. ed. 688.

That to permit the decision of the Circuit Court of Appeals in the instant case to stand would likely result in confusion and uncertainty and lack of uniformity in the various Circuits in the interpretation of Sec. 274d, as amended, of the Judicial Code (Federal Declaratory Judgments Act, Title 28, Sec. 400, FCA) on the question of what constitutes an "actual controversy" within the meaning of said act sufficient to vest jurisdiction in a District Court to determine the validity of a United States Letters Patent.

Wherefore, your petitioners respectfully pray that a Writ of Certiorari be issued under the Seal of this Court, directed to the United States Circuit Court of Appeals for the Ninth Circuit, commanding that Court to certify and send to this Court on a day to be designated a full and complete transcript of the record and all proceedings of said Circuit Court of Appeals had on this cause to the end that this cause may be reviewed and determined by this Court that the judgment of said Circuit Court of Appeals as to the matters raised herein be reversed, and that your petitioners may be granted such other and further relief as may seem just and proper.

Dated, Oakland, California,
August 28, 1944.

Respectfully submitted,
ALAN W. DAVIDSON,
Attorney for Petitioners.

OSCAR ALVIN MELLIN,
Of Counsel.

CERTIFICATE OF COUNSEL.

I hereby certify that the foregoing petition for Writ of Certiorari is not interposed for delay and in my judgment the same is well founded.

Dated, Oakland, California,
August 28, 1944.

ALAN W. DAVIDSON,
Attorney for Petitioners.